



## **Suitability Policy for Board Directors (article 3, Law 4706/2020)**

AVAX SA (hereinafter the "Company") as a listed company is required to have a Suitability Policy of the members of the Board of Directors (hereinafter the "BoD"), in accordance with Law 4706/2020 (hereinafter the "Law") regarding "Corporate governance, modern capital market, transposition into Greek law of Directive (EU) 2017/828 of the European Parliament and of the Council, measures implementing Regulation (EU) 2017/1131 and other provisions ", and in particular paragraphs 1 to 3 of Article 3.

### **Purpose of the Suitability Policy**

The Suitability Policy, in accordance with the Law and Circular #60/18.09.2020 of the Hellenic Capital Market Commission, provides the guidelines on:

- a) the principles concerning the selection or replacement of the members of the Board of Directors, as well as the renewal of the term of office of its existing members;
- b) the criteria for assessing the suitability of the members of the Board;
- c) the diversity criteria for the selection of the members of the Board

Suitability is distinguished between individual and collective.

The degree to which a person is considered to have sufficient knowledge, skills, experience, independence of judgment, moral guarantees and a good reputation for performing his duties as a member of the Board of Directors of the Company, according to the suitability criteria set by the Suitability Policy of the Company, is individual suitability. The suitability of the members of the Board as a whole is collective suitability.

Suitability Policy is defined as the set of principles and criteria that are applied at least during the selection, replacement and renewal of the term of the members of the Board of Directors, in the context of the evaluation of individual and collective suitability.

The Suitability Policy aims to ensure the quality of Board directors, efficient operation and fulfilment of the role of the Board of Directors based on the broader strategy and medium-term business aspirations of the Company in order to promote corporate interests.

### **Approval Procedure for Suitability Policy**

The Suitability Policy was approved by the Board of Directors of the Company on 03.06.2021 and according to the Law, was submitted for approval to the Annual Ordinary General Meeting of shareholders for financial year 2020, held on 24.06.2021, and was put in effect thereafter.

Amendments to the Suitability Policy are approved by the Board of Directors and, provided they are substantial, submitted to the General Assembly for approval. The Suitability Policy and any substantial modification thereof shall take effect upon its approval by the General Assembly. Modifications that introduce derogations or significant changes to the content of the Suitability Policy, in particular as regards the general principles and criteria applied, are considered substantial.

The Suitability Policy takes into account relevant best practices and is in accordance with the provisions of the Company's Code of Conduct and the Corporate Governance Code applied by the Company.



The current Suitability Policy is posted, in its latest updated version, on the Company's website [[www.avax.gr](http://www.avax.gr)].

### **Principles of Suitability Policy**

1. The Suitability Policy is clear, sufficiently substantiated and governed by the principles of transparency and proportionality.
2. The Company has taken into account the size, the internal organization, the risk-taking appetite, the nature, the scale and the complexity of its activities during the formulation of the Suitability Policy, as well as any other element specific to its activity.
3. The Nomination and Remuneration Committee for Board Members, the Internal Audit unit, as well as the organizational units with a related subject (such as Human Resources and / or Regulatory Compliance and / or the Legal Service), may effectively contribute to the preparation and monitoring of the implementation of the Suitability Policy.
4. The Suitability Policy takes into account the more specific description of the responsibilities of each member of the Board or his participation in administrative committees, the nature of his duties (executive or non-executive member of the Board) and his characterization as an independent or non-member of the Board, as well as any specific issues of conflict of interest or characteristics or contractual commitments related to the nature of the Company's activity or the Corporate Governance Code that it applies.
5. The Company monitors the effectiveness of the Suitability Policy and conducts its periodic evaluation at regular intervals or when significant events or changes take place. The Company amends the Policy and reviews its planning and implementation, where appropriate, taking into account, inter alia, the recommendations of the Nomination and Remuneration Committee of the Board of Directors and the Internal Audit Unit and any other external bodies.

### **Principles concerning the selection, replacement or renewal of the term of office of Board Directors**

1. The Board of Directors of the Company comprises three (3) to fifteen (15) members, appointed by the General Meeting of Company shareholders, and distinguished between executive, non-executive, and independent, non-executive members. Independent non-executive members are no less than a third (1/3) of the total number of Board members and no less than two (2). The Board of Directors of the Company has a sufficient number of members and an appropriate composition.
2. The Company seeks to appoint persons of morality and reputation to its Board
3. The members of the Board of Directors have the skills and experience required according to their duties and role on the Board, while at the same time having sufficient time to perform their duties.
4. During the selection, the renewal of the term of office and the replacement of members of the Board of Directors, the evaluation of the individual and collective suitability is taken into account, as well as any previous employment in the construction sector.
5. Candidate members of the Board of Directors among other things and as much as possible prior to taking the position, have an understanding of the culture, the values and the general strategy of the Company.
6. The Company continuously monitors the suitability of the members of the Board of Directors in particular in order to identify, in the light of any relevant new event, cases in which it is deemed necessary to re-evaluate their suitability. In particular, re-assessment of suitability is carried out in the following cases:
  - (a) when doubts arise as to the individual suitability of the members of the Board of Directors or the suitability of the composition of the body;
  - b) in case of a significant impact on the reputation of a member of the Board,
  - c) in any case of occurrence of an event that may significantly affect the suitability of the board member, including cases in which members do not comply with the Company's Conflict of Interest Policy.



7. The Board of Directors ensures the appropriate succession plan for the Company, the replacement within a three-month period following the deviation from one or more suitability criteria, for smooth continuation of management of Company affairs and decision-making following the departure of members of the Board of Directors, especially executive and committee members.

### **Suitability Assessment Criteria**

The members of the Board of Directors must meet the eligibility criteria based on the needs of their role both in the selection, replacement and renewal of their term of office, and throughout their term of office.

The Company has determined the suitability criteria of the Board members, to ensure individual and collective suitability. The criteria are general and apply to all members of the Board, regardless of their capacity, as executive, non-executive, or independent non-executive members.

#### ***A. Individual Suitability***

Individual suitability of members of the Board of Directors is evaluated in particular on the basis of the criteria mentioned below.

Special obstacles, obligations and conditions (such as article 3, paras 4, 5 and 6, and article 9, paragraphs 1 and 2 of the Law, and article 44, paragraph 1 of Law 4449/2017) are applied independently of the suitability criteria.

##### ***1. Adequacy of knowledge and skills***

Board members have the required knowledge, skills and experience to perform their duties in view of the role, position and the skills required by the Company for their position. Experience covers both practical and professional experience, as well as the theoretical knowledge acquired.

For the purposes of assessing the theoretical knowledge of members, the level and type of their education (field of study and specialization) is taken into account, especially regarding the activities related to the Company or other related fields.

The practical experience covers the previous positions and the type of employment held by the member, taking into account the length of his stay in the respective position, the size of the respective entity in which he worked, the scale and complexity of the business activity, the responsibilities he exercised in it, the number of its subordinates, the nature of the entity 's activities, etc.

In this case, the following may be considered in the context of the assessment of adequate knowledge and skills:

- (a) the role and tasks of the post and the skills required;
- (b) knowledge and skills acquired through education and training;
- (c) practical and professional experience previously acquired; and
- (d) knowledge and skills acquired and demonstrated by the professional conduct and development of the board member.

Evaluation is not limited to the academic qualifications of the member or to the proof of a specific length of service. Rather, a thorough analysis of the member's experience and training is carried out, as the knowledge and skills acquired from previous employment depend on the nature, scale and complexity of the business activity, as well as on the duties performed by the member in its context and degree of responsibility.



The executive members of the Board of Directors may have acquired sufficient practical and professional experience, either holding a position of responsibility, or through the exercise of business activity, for a sufficient period of time.

The members of the Board of Directors know and clearly understand the Corporate Governance System of the Company, arising from the Law and the Corporate Governance Code applied, their respective roles and responsibilities, both as members of the Board of Directors and as members of committees, as well as the structure of the Group and possible conflicts of interest.

### *2. Guarantees of Ethics and Reputation*

Board members are distinguished for their good reputation and their ethos, which is mainly determined by honesty and integrity. A board member is presumed to have a good reputation, honesty and integrity, unless there are objective and proven reasons to suggest otherwise.

To evaluate the reputation, honesty and integrity of a candidate or an existing member of the Board of Directors, the Company may conduct an investigation and, observing legislation on personal data protection, request data and relevant supporting documents for any final administrative and judicial decisions against him, in particular for infringements and offenses related to his status as a member of the Board of Directors or non-compliance with the provisions of the legislation of the Hellenic Capital Market Commission or in general with financial crimes.

Observing the provisions of article 3 paragraphs 4 and 5 of the Law, this evaluation may take into account in particular the relevance of the offense or measure with the role of the member, the seriousness of the offense or measure, the general circumstances, including mitigating factors, the role of the person involved, the sentence imposed, the stage reached in the legal process and any remedial measures implemented. It also examines the time elapsed and the person's behavior after the offense or offense.

The Company may also take into account during the evaluation any decision to exclude the candidate Board member from acting as a member of the Board of Directors, issued by any competent authority.

### *3. Conflict of interest*

The Company has, adopts and implements a Conflict of Interest Policy, according to article 13, paragraph 3 (f) of the Law, which is included in the Corporate Code of Business Conduct & Ethics. The Conflict of Interest Policy ensures that, at least for the members of the Board of Directors, procedures for the prevention of conflicts of interest, measures for the detection and management of conflicts of interest and any cases and conditions that would otherwise be acceptable for a Board member to have conflicting interests, provided those interests are severely limited or properly managed.

All actual and potential conflicts of interest at Board level are subject to adequate communication, discussion, documentation, decision-making and proper management (ie the necessary measures to reduce conflicts of interest are taken).

### *4. Independence of Judgment*

Each member of the Board is ensured that he acts with an independent judgment. Nevertheless, the absence of a conflict of interest does not necessarily mean that the member acts independently. "Independence of mind" or "independence of judgment" is a model of behavior during discussions and decision-making within the Board and is required for each member, regardless of whether the member is "independent" in accordance with Article 9 of the Law. All members of the Board actively participate in



the meetings and take their own correct, objective and independent decisions and judgments in performing their duties.

Objectivity is defined as the impartial attitude and mentality, which allows the member of the Board to perform his work as he believes to be best, and not to accept compromises in terms of quality. Independence means the release from conditions preventing the member of the Board of Directors from exercising his duties in an impartial manner.

When assessing the independence of judgment, the Company takes into account whether all members of the Board have the necessary behavioral skills, which include, but are not limited to:

- (i) courage, conviction and vigor to carry out a substantial evaluation and challenge of the proposals or views of other members of the Board;
- (ii) the ability to ask reasonable questions to the members of the Board of Directors and in particular to its executive members and to exercise criticism, and
- (iii) the ability to resist the phenomenon of groupthink.

#### *5. Allocation of sufficient time*

All members of the Board have the time required to carry out their duties based on the description of their position, role and duties. To determine the adequacy of time, it is necessary to take into account the capacity and responsibilities assigned to the member of the Board of Directors, his membership to other Boards of Directors and the resulting qualities held by that member simultaneously, as well as other professional or personal commitments and conditions.

The Company informs each candidate member of the Board of Directors about the expected time required to devote to his duties and to the meetings of the Board of Directors and any other committees in which he participates as a member.

### **B. Collective Suitability**

#### *1. In general*

The Board of Directors is suitable for the exercise of its responsibilities and its composition contributes to the effective management of the Company and the balanced decision making.

Board members are collectively able to make appropriate decisions, taking into account the business model, the risk-taking appetite, the strategy and the markets in which the Company operates. Also, the members of the Board of Directors are collectively capable of effective monitoring and criticism of the decisions of the top executives.

All areas of knowledge required for the business activities of the Company are covered by the Board collectively with sufficient expertise among its members. There is a sufficient number of knowledgeable members in each field, allowing for discussion on the decisions to be made. Board members collectively have the necessary skills to present their views.

The composition of the Board of Directors reflects the knowledge, skills and experience required to exercise its responsibilities. This includes the requirement that the Board as a whole adequately understands the areas for which members are collectively responsible, and has the necessary skills to exercise the actual management and supervision of the Company, including:

- its business activity and the key risks associated with it,
- strategic planning,



- financial reports,
- compliance with the legislative and regulatory framework,
- understanding corporate governance issues,
- the ability to identify and manage risks,
- the impact of technology on its activity,
- adequate gender representation.

The Company has the primary responsibility for identifying gaps in terms of collective suitability. For this purpose, the Board of Directors conducts its self-evaluation annually, while it may assign, whenever deemed necessary, its evaluation by third parties, external consultants.

#### *2. In particular, adequate gender representation*

The Company has an adequate representation by gender of at least twenty five percent (25%) of the total members of the Board. The Nominations and Remuneration Committee for Board Members takes this criterion into account when submitting proposals for the appointment of Board members.

The Company generally ensures equal treatment and equal opportunities between genders. It is noted that this aspect extends beyond the selection of Board members to the provision of training to Board members.

#### **Diversity criteria**

The Company has put in place and implements a diversity policy, which is included in the Corporate Code of Business Conduct & Ethics, to promote an appropriate level of differentiation in the Board of Directors and a diverse group of members. Through the accumulation of a wide range of qualifications and skills in the selection of Board members, the variety of views and experiences is ensured, aimed at taking the right decisions. The Suitability Policy includes or refers to the diversity policy, to ensure it has been taken into account when appointing new Board members.

In particular, adequate gender representation of at least twenty-five percent (25%) of all board members is explicitly provided for, to avoid exclusion on grounds of discrimination based on gender, race, colour, ethnic or social origin, religion or belief, property, birth, disability, age or sexual orientation.

#### **Implementation, monitoring and modification of the Suitability Policy**

The Company keeps its Suitability Policy in line with the general framework of corporate governance, the corporate culture and the risk-taking appetite it has defined, also foreseeing and following the necessary procedures for the implementation of the Policy.

Monitoring the implementation of the Suitability Policy is the responsibility of the Board, assisted by the Internal Audit Unit, Nominations and Remuneration Committee for Board Members and the Secretary of the Board of Directors, where appropriate. The Company's annual Corporate Governance Statement includes a relevant reference.

The documentation regarding the approval of the Policy and any amendments thereto is kept in an electronic archive. The Company records the results of the suitability assessment, and in particular any weaknesses identified between the expected and actual individual and collective suitability, as well as the measures to be taken to address these deficiencies.